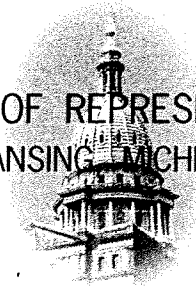


HOUSE OF REPRESENTATIVES LANSING, MICHIGAN



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SUBCOMMITTEE, CHAIR
DNR/DEQ SUBCOMMITTEE
GENERAL GOVERNMENT
SUBCOMMITTEE

Example of Agricultural Land Sales

		Taxable	Assessed	Sale Price	Ratio
Parcel 1	stays in ag	\$55,000	\$75,000	\$160,000	47%
Parcel 2	developed	\$50,000	\$70,000	\$250,000	28%
Parcel 3	developed	\$70,000	\$100,000	\$400,000	25%
Parcel 4	stays in ag	\$70,000	\$100,000	\$210,000	48%
TOTAL		\$245,000	\$345,000	\$1,020,000	34%

50% is the optimum ratio where no adjustments in assessments would be needed. Anything under the 50% threshold would need to be adjusted to come up to the 50% mark. Thus, using all four parcels would indicate that land under this example is under assessed by 16%

If you kept only Parcels 1 & 4 in the study the results would be as such:

TOTAL	\$125,000	\$175,000	\$370,000	47%
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Thus, by keeping only the agricultural parcels in the study, the adjustment to agricultural assessments would only need to increase by roughly 3%, not the 16% that would have been required with non-agricultural parcels included in the study.